

August 16, 2002

James L. Ball  
Chief, Policy Division  
International Bureau  
445 12<sup>th</sup> Street, S.W.  
Federal Communications Commission  
Washington, DC 20554

Re: *Response to request for further information regarding transfer of certain  
FCC licenses from Bell Atlantic New Zealand Holdings, Inc. to Pacific  
Telecom Inc., IB Docket 02-111.*

Dear Mr. Ball:

This is written on behalf of Pacific Telecom Inc. ("PTI" or "Pacific Telecom") in response to your letter dated August 1, 2002, requesting further information regarding the proposed acquisition of The Micronesia Telecommunications Corporation ("MTC") and associated transfer of control of certain Federal Communications Commission ("FCC" or "Commission") licenses and Section 214 authorizations from transferor Bell Atlantic New Zealand Holdings, Inc. ("BANZHI") to transferee PTI (collectively, "the Joint Applicants"). This transaction is being considered by the Commission pursuant to the public notice issued May 16, 2002, in IB Docket No. 02-111, DA 02-1173. We reprint the Bureau's information requests below and then provide our response. The attachment numbers correspond to the information request numbers, but not every information request has a corresponding attachment.

**FCC Information Requests**

1. *A copy of the "Shareholders' Agreement" of PTI referred to on page 3 of the Petition for Declaratory Ruling under section 310(b)(4) of the Act.*

**Response:** An executed copy of PTI's Shareholders' Agreement is appended as Attachment 1.

2. *An official copy of the final judicial determination of any criminal complaint filed against L&T International resulting from matter referred to in the July 17, 2002 letter from your firm to the Secretary of the Commission.*

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**Response:** Copies of the docket sheet in United States of America v. L&T International Corporation, Case Number CR-91-00018, and the court orders of December 23, 1991, March 6, 1992, and April 10, 1992, are appended as Attachment 2.

3. *A copy of the Stock Purchase Agreement associated with PTI's proposed acquisition of Micronesian Telecommunications Corporation (of which Banzhi is the current 100 percent shareholder) and its subsidiary GTE Pacifica.*

**Response:** A copy of the executed Purchase and Sale Agreement governing the proposed transaction is provided under separate cover (Attachment 3) with a request for confidential treatment pursuant to Section 0.459 of the Commission's rules, 47 C.F.R. § 0.459.

4. *A statement as to whether the Applicants have filed or intend to file materials associated with this transfer to the Committee on Foreign Investment in the United States (CFIUS).*

**Response:** The Joint Applicants currently do not intend to file materials associated with this transfer to the Committee on Foreign Investment in the United States ("CFIUS"). As described in their July 1, 2002, *Joint Opposition To Petitions To Deny and Informal Opposing Comment* ("July 1 Opposition"), even before filing the transfer of control applications with the FCC, the Joint Applicants contacted a U.S. Department of Justice ("DOJ") official responsible for coordinating an inter-agency group including the Federal Bureau of Investigation and the U.S. Department of Defense (collectively, "the Federal Security Agencies"). The Joint Applicants have continued their contacts with the Federal Security Agencies and pledged their continued cooperation with those agencies.

5. *Identification of the beneficiaries of each of the Tan Family Trusts, including their citizenship and entitlement, in percentage terms, under the relevant trust. Additionally, please provide information as to the ownership interest that each Tan Family Trust has in Tan Holdings Corp.*

**Response:** Information responsive to the information request regarding the Tan Family Trusts is appended as Attachment 5.

6. *An explanation of the nature of the "affiliation" of Prospector with Citadel Holdings, Inc., referred to on page 22 of the Opposition.*

**Response:** Prospector Holdings, Inc. ("Prospector"), the fifty percent shareholder of PTI, is owned 60 percent by Ricardo C. Delgado (father) and 40 percent by Jose Ricardo Delgado (son). Citadel Holdings Inc. is ultimately controlled through a series of closely held corporations by the same two individuals, ninety percent by Ricardo C. Delgado and ten percent by Jose Ricardo Delgado.

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7. *In connection with the discussion on pages 16-19 of the Opposition, filed by the Applicants, that states that the market will be fully competitive after the transaction, please state the market shares of the entities described and the transferor in the CNMI local and long distance markets as they are today and as they will be, including the transferee, immediately after the transaction closes.*

**Response:** As described in the Joint Applicants' *July 1 Opposition*, it is undisputed that the FCC's pro-competitive, open-entry policies apply to the local and long distance markets in the Commonwealth of the Northern Mariana Islands ("CNMI") and Guam. Although the market is open to competition, to date no competitor has chosen to enter the wireline local exchange carrier market.<sup>1</sup> Just as on the mainland, however, wireless providers in the CNMI provide competition to traditional wireline local exchange carrier local loop services. For example, Saipancell provides wireless local service and, indeed, filed a petition with the Commission requesting to be designated as an Eligible Telecommunications Carrier, thereby making it eligible to receive federal universal service support for wireless local service.<sup>2</sup> IT&E Overseas, Inc., also operates a service that bypasses the local loop using Internet Protocol technology.

Appended as Attachment 7 is a chart summarizing data provided by transferor BANZHI showing the market shares of the various participants in the CNMI long distance market. As the chart indicates, the transferor holds only an eleven percent share of the long distance market, the entirety of which will be attributable to the transferee upon consummation of the proposed transaction.

8. *Documentation (whether already existing or prepared in response to this request) establishing the acquisition cost associated with the cellular system located in the Northern Mariana Islands, call sign KNKN616.*

**Response:** Documentation of the enterprise value per subscriber of cellular system KNKN616 is appended as Attachment 8.

9. *A demonstration that PTI has the financial ability to acquire the cellular system licensed under call sign KNKN616 as required by section 22.937 of the Commission's rules, 47 C.F.R. § 22.937, and related Commission precedent.*

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<sup>1</sup> The local rates of The Micronesian Telecommunications Corporation, the CNMI local exchange carrier, however, are subject to regulation by the Commonwealth Telecommunications Commission.

<sup>2</sup> Guam Cellular and Paging, Inc. d/b/a Saipancell *Petition for Designation as an Eligible Telecommunications Carrier on the Island of Saipan in the Commonwealth of the Northern Mariana Islands*, CC Docket No. 96-45 (filed February 19, 2002).

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**Response:** We note that the Commission voted to eliminate Section 22.937 of the rules at its open meeting of August 8, 2002, as part of its streamlining of the Part 22 rules (WT Docket No. 01-108). Moreover, longstanding FCC precedent holds that the requirement in Section 22.937 that the applicant demonstrate the ability to operate the station for one year refers to unbuilt facilities only. *Metro Mobile CTS, Inc.*, 8 FCC Rcd 8675, 8678 (1993). Where an operational facility is sought to be transferred, a transferee need only show a reasonable assurance of its ability to finance the acquisition. *Id.* See also *Robert L. Kile*, 5 FCC Rcd 513, 514 (1990). In practice, cellular transferees routinely rely upon public knowledge of their creditworthiness and do not submit -- nor have they been required to submit -- audited financial statements or balance sheets with their applications.

In this case, Pacific Telecom provides reasonable assurance of its ability to finance the acquisition cost of cellular system KNKN616 under separate cover in the form of Attachment 9A, letters from well known U.S. financial institutions describing assets held in the accounts of the Delgado family, ultimate owners of the 50 percent shareholder of Pacific Telecom, that are well in excess of the cellular acquisition cost.<sup>3</sup> One financial institution requested that its letter be held in "strict confidence," and, thus, Attachment 9A is submitted separately under a request for confidentiality pursuant to Section 0.459 of the Commission's rules.

Additionally, Pacific Telecom provides as Attachment 9B a copy of the most recent final audited financial statements of privately held Tan Holdings Corporation, the parent company of the 30 percent shareholder of Pacific Telecom. Attachment 9B also is submitted separately under a request for confidentiality.

Sincerely,

/s/

Kenneth D. Patrich  
Timothy J. Cooney

cc: Attached Service List  
Peter D. Shields, Counsel to BAZZHI  
Jennifer D. Hindin, Counsel to BAZZHI

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<sup>3</sup> If the Commission desires more financial information, PTI will be pleased to cooperate. PTI does not provide a balance sheet or audited statements in its own name because, as a corporation newly formed solely for the purpose of purchasing the stock of MTC, PTI currently has no operating units and the MTC purchase price will not be funded by PTI's shareholders until government approvals of the transaction have been granted.



**IB DOCKET NO. 02-111**

**ATTACHMENT 1**

**TO PACIFIC TELECOM INC'S**

**RESPONSE TO**

**INTERNATIONAL BUREAU'S AUGUST 1, 2002**

**INFORMATION REQUEST**

**AUGUST 16, 2002**

## SHAREHOLDERS' AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Shareholders' Agreement (this "Agreement") is executed as of March 13, 2002 by and among:

**THC COMMUNICATIONS CORPORATION**, a corporation incorporated under the laws of the Commonwealth of the Northern Mariana Islands with principal office at PO Box 501280 Saipan, MP 96950, represented in this act by its duly authorized President and Chairman of the Board, Mr. Willie Tan, hereinafter referred to as "TCC";

- And -

**PROSPECTOR INVESTMENT HOLDINGS INC.**, a corporation incorporated under the laws of the Cayman Island with principal office at c/o Trident Trust (Cayman) Ltd., One Capital Place PO Box 847, Grand Cayman, B.W.I., represented in this act by its duly authorized President, Jose Ricardo Delgado, hereinafter referred to as "PIHI";

- And -

**MISSOURI HOLDINGS CORPORATION**, a corporation incorporated under the laws of the Commonwealth of the Northern Mariana Islands with principal office at PO Box 712 Saipan, MP 96950, and represented in this act by its duly authorized President, Michael Leung, hereinafter referred to as "MHC";

WITNESSETH : That -

WHEREAS, TCC, PIHI and MHC (collectively referred to as the "parties") through their respective parent companies have signed a Purchase and Sale Agreement (the "Sale Agreement") with Bell Atlantic New Zealand Holdings, Inc. on 23 November 2001 for the acquisition of all of the outstanding capital stock of the Micronesian Telecommunications Corporation ("MTC");

WHEREAS, pursuant to the Sale Agreement, the parties have decided to pool their resources together and enter into a joint venture to establish a new company ("Newco") which shall purchase and hold all of the outstanding capital stock of MTC in behalf of the parties;

WHEREAS, the parties agree that the operations and management of MTC and Newco shall be left to PIHI;

WHEREAS, the parties are entering into this Agreement to govern their relationship as shareholders of Newco and MTC;

NOW THEREFORE, for and in consideration of the foregoing premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

#### **ARTICLE 1. CONTRACTUAL INTENT**

- 1.1 In entering into this Agreement, the parties hereby declare and affirm that their primary contractual intent is to purchase MTC and for PIHI to manage and operate the same for the mutual benefit of the parties hereto.
- 1.2 All the provisions of this Agreement shall be interpreted to accomplish the foregoing declared contractual intent.

#### **ARTICLE 2. REPRESENTATIONS AND WARRANTIES**

- 2.1 Each party represents and warrants to the other parties that, at the time of the execution and signing of this Agreement:
  - (a) It is a corporation duly organized and validly existing under applicable laws and has full power and authority to make, execute, deliver and perform this Agreement, and this Agreement constitutes its valid and legally binding obligation enforceable in accordance with its terms.
  - (b) The execution, delivery and performance of this Agreement does not violate, with or without the giving of notice or the passage of time, any provision of law now applicable to it and does not conflict with, or result in a breach of any provision of any contract or agreement with any third party or license or franchise granted by any governmental authority which may prevent it from fulfilling its respective obligations under this Agreement.
  - (c) No representation or warranty made by it in this Agreement or any statement or certificate furnished by or in behalf of it to the other parties or any other person or entity pursuant hereto or in connection with the transactions contemplated hereby contains or will contain any untrue statement of fact, or omits or will omit to state a fact necessary to make the statements contained therein not misleading.
  - (d) It has taken all necessary and appropriate corporate action to authorize the execution and delivery of this Agreement and all other documents to be executed and delivered by it in connection with this Agreement, the

performance of its obligations under this Agreement and the consummation of the transactions contemplated in this Agreement.

- 2.4 All of the representations and warranties in this Agreement shall survive the execution and delivery of this Agreement and the consummation of the transactions hereby contemplated.

A. NEWCO

**ARTICLE 3. CONTRIBUTIONS BY THE PARTIES AND INCORPORATION OF NEWCO**

- 3.1 The parties have caused the incorporation in the Commonwealth of the Northern Mariana Islands ("CNMI") of a new corporation called PACIFIC TELECOM INC. (hereinafter referred to as the "Newco") with principal office in the CNMI.
- 3.2 The parties shall participate in the ownership of Newco and MTC and subscribe to the shares of stock thereof, such that the resulting sharing in the total outstanding capital stock of MTC shall be fifty percent (50%) for PIHI and/or its subsidiaries, thirty percent (30%) for TCC and twenty percent (20%) by MHC.
- 3.3 The Articles of Incorporation and By-laws of Newco shall be amended to reflect, to the extent permitted by law, the provisions of this Agreement. In the event of a conflict between the provisions of this Agreement and the Articles of Incorporation and/or By-laws of Newco, the provisions of this Agreement shall prevail.

**ARTICLE 4. PRE-EMPTIVE RIGHTS AND RESTRICTIONS**

- 4.1 The parties agree that each shareholder shall have the pre-emptive right to subscribe to any new or additional shares which Newco may issue from time to time (including the authorized but unissued shares), in proportion to the shares held by such shareholder at the time of each issue.
- 4.2 Except as otherwise expressly provided hereunder, the parties mutually covenant and agree not to sell, or assign, or in any other manner transfer title or any right to, any of their respective shares in Newco, or take any action leading to or likely to result in any such sale, assignment or transfer.
- 4.3 Except for (a) transfers made by any of the parties to any of their respective affiliates and (b) transfers between minority shareholders, transfers in whole or in part of the shares of stock of Newco (whether for valuable consideration or by gratuitous title) shall be subject to the right of first

refusal which each of the parties may respectively exercise in the manner provided for in the Articles of Incorporation and By-Laws of the Newco.

- 4.4 Subject to the provisions of Articles 4.2 and 4.3 above, in the event any of the parties desires to sell or in any manner dispose of its shareholdings in Newco, such party shall first offer the shares for a period of thirty (30) days to the other party (the "Other Party") at the same price and terms as those offered by or to a bona fide third party potential purchaser, in the manner described in the Articles of Incorporation and By-Laws of Newco. The Other Party shall have a period of thirty (30) days from receipt of the offer to accept the offer, and a period of sixty (60) days from acceptance of the offer to pay for the shares offered. The foregoing provision shall not be deemed to restrict any encumbrance of shares by way of security or collateral to secure a loan, as in a pledge, mortgage, assignment, or other encumbrance, but a sale under a pledge, mortgage, assignment, encumbrance, or tax lien, as well as any other involuntary transfer, shall be subject to the provisions of this Article.
- 4.5 If, as a result of any CNMI law, regulation or governmental policy, any of the parties shall not be qualified to purchase, or shall be prohibited from purchasing, such shares offered by the other party, the said party may assign its right to purchase the said shares to any other person or entity qualified under CNMI law.
- 4.6 Before any of the shares of any of the parties in Newco may be encumbered by way of security or collateral, the prior written consent of the other parties therefor must be obtained, which consent shall not be unreasonably withheld.
- 4.7 Before any change in the ownership or control of TCC or MHC (other than a change required by, or pursuant to, law) is effected, the prior written consent of PIHI must be obtained. Similarly, before any change in the ownership or control of PIHI (other than a change required by, or pursuant to, law) is effected, the prior written consent of TCC must be obtained. In this regard, the parties undertake to cause their respective stockholders to execute an undertaking not to effect any change in ownership or control in their respective companies without first complying with this provision.
- 4.8 For purposes of this Article, the term "affiliate" shall mean a company or other legal entity controlled by, or under common control with, or controlling the holders of each party, where "control" means either (i) the ownership, directly or indirectly, of greater than fifty percent (50%) of the voting shares of a company, or (ii) the right to elect the majority of the directors or other governing body of a company or legal entity, where such control may be exercised without the consent of any third party.



## ARTICLE 5. MANAGEMENT OF THE NEWCO

- 5.1 The Newco shall be managed by a Board of Directors consisting of six (6) directors. For so long as PIHI and its nominees and/or affiliates own fifty percent (50%), TCC and its nominees and/or affiliates own thirty percent (30%), and MHC and its nominees and/or affiliates own twenty percent (20%) of the outstanding capital stock of the Newco, PIHI and TCC shall each nominate three (3) directors of the Newco and the parties agree to vote their respective shares in the Newco to elect the three (3) nominees of PIHI, and the three (3) nominees of TCC, as directors of the Newco.
- 5.2 In the event a director dies, resigns or is otherwise removed from office prior to the fulfillment of his term, the parties agree to vote their respective shares or cause the remaining directors, as the case may be, to elect as replacement a director nominated by the party which nominated the director who died, resigned, or was removed from office.
- 5.3 The Board of Directors shall be responsible for the overall management and operations of the Newco in accordance with this Agreement and the Annexes hereof. A majority of the entire membership of the Board shall constitute a quorum to do business; provided, however, that in the determination of this majority, the presence of at least one (1) representative of PIHI and one (1) representative of TCC in the Board shall be indispensable.
- 5.4 The parties agree that the officers of the Newco shall include a Chairman, a President, Vice President, a Treasurer, a Secretary and such other officers as may be appointed by the Board of Directors of the Newco from time to time.
- 5.5 The term of office of each director of the Newco shall be one (1) year. The Board of Directors may fill any vacancy in the membership of the Board of Directors occurring during such period with a person nominated by the party who nominated the director whose office is vacated. Any person so appointed shall retain office only during such time as the director whom he/she replaces would have been entitled to retain his/her office.

**B. MTC**

**ARTICLE 6. BOARD OF DIRECTORS OF MTC**

- 6.1 The Board of Directors of MTC shall consist of six (6) directors, three (3) of whom shall be nominated by PIHI and three (3) of whom shall be nominated by TCC. Each of the parties shall cause Newco to have their respective nominees elected as directors in MTC.
- 6.2 A majority of the entire membership of the Board shall constitute a quorum to do business provided, however, that in the determination of this majority, the presence of at least one (1) representative of PIHI and one (1) representative of TCC in the Board shall be indispensable.
- 6.3 The Board of Directors of MTC shall be responsible for MTC's overall management policies and general development plan. The Board of Directors shall delegate to the Chief Executive Officer ("CEO") the power to carry out such policies and general development plan of the Board.
- 6.4 In the event a director dies, resigns or is otherwise removed from office prior to the fulfillment of his term, the parties agree to vote their respective shares or cause the remaining directors, as the case may be, to elect as replacement a director nominated by the party which nominated the director who died, resigned, or was removed from office.
- 6.5 The term of office of each director shall be one (1) year. The Board of Directors may fill any vacancy in the membership of the Board of Directors occurring during such period with a person nominated by the party who nominated the director whose office is vacated. Any person so appointed shall retain office only during such time as the director whom he/she replaces would have been entitled to retain his/her office.

**ARTICLE 7. MANAGEMENT OF MTC**

**A. The Chief Executive Officer**

- 7.1 The parties hereto and/or Newco shall cause to be elected or appointed, a person nominated by PIHI as CEO of MTC. TCC shall have the right to veto the nomination. However, TCC shall not unreasonably withhold approval for a qualified CEO candidate nominated by PIHI (with a strong educational and a managerial background and with at least five (5) years of experience in the telecom business. The Board of Directors of MTC shall replace or reassign the CEO upon the recommendation of PIHI.

The parties agree that notwithstanding the admission into MTC of any new stockholder, PIHI shall continue to have the right to nominate the CEO of

MTC so long as TCC and MHC, on one hand, and PIHI own the same percentage of equity in MTC.

7.2 Each of the Parties undertakes as follows:

- (a) to exercise all voting rights and powers of control available to it in relation to the MTC so as to give full effect to the terms and conditions of this Agreement including where appropriate, the carrying into effect of such terms and conditions as if they were embodied in the Articles of Incorporation and the By-Laws;
- (b) to procure that the director(s) and/or representatives nominated by each party will support and implement all reasonable proposals put forward at Board and other meetings of the MTC for the proper development and conduct of the business of the MTC as contemplated in this Agreement and to procure that all third parties directly or indirectly under its control shall refrain from acting in a manner which will hinder or prevent the MTC from carrying on its business in a proper and reasonable manner; and
- (c) generally to use its best endeavors to promote the business and other interests of the MTC.

7.3 The CEO shall have the administration and direction of the day-to-day business affairs of the Corporation. He may create a management team that shall assist him in the implementation of MTC's overall policies and development plan. Such management team may include the General Manager and such other officers as may be appointed by the CEO from time to time. This power to appoint excludes the comptroller, internal and external auditors who shall be designated by TCC. The CEO shall exercise the following functions:

- (a) The CEO shall be entitled to, on behalf of Newco, manage and execute any and all business affairs of the MTC, except those matters which are expressly required by the Articles of Incorporation and/or the by-laws of the MTC to be decided by the resolution of a Shareholders meeting and/or a Board of Directors Meeting of MTC and the other directors and officers shall assist him/her to the full extent.
- (b) To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman of the board;
- (c) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training development, and compensation;



- (d) To have general supervision and management of the business affairs and property of the Corporation;
- (e) To ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control;
- (f) To determine employee bonuses or other incentives at the end of each year, subject to the approval of the Board of Directors;
- (g) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries;
- (h) To oversee the preparation of the budgets and the statements of accounts of the Corporation;
- (i) To prepare such statements and reports of the Corporation as may be required of him by law;
- (j) To represent the Corporation at all functions and proceedings;
- (k) To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interest of the Corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;
- (l) To make reports to the Board of Directors and stockholders;
- (m) To sign certificates of stock;
- (n) To call for a special meeting of the Board of Directors in the appropriate cases; and
- (o) To perform such other duties as are incidental to his office or are entrusted to him by the Board of Directors.

The Chief Executive Officer may assign the exercise or performance of any of the foregoing powers, duties, and functions to any other officer(s), subject always to his supervision and control.

#### B. Oversight Committee

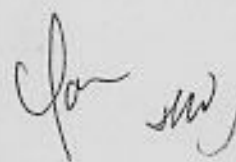
Handwritten signature and initials, possibly "J. [unclear]" and "SW".

- 7.4 The Oversight Committee shall consist of the CEO, two representatives from PIHI and two representatives from TCC. The CEO and General Manager, if any, shall be ex-officio members of the Oversight Committee with no voting rights.
- 7.5 The Oversight Committee shall receive and review the reports on key matters submitted by the CEO and shall have the power to make recommendations to the management team on certain management issues. The Committee shall also exercise such powers as may be granted by the Board of Directors and shareholders of MTC. The Committee will meet monthly.
- 7.6 In the event that two of the members of the Committee are dissatisfied with the implementation by the CEO or the management team of the company's overall policies and general development plan, such matter shall first be resolved by the Committee itself. If the same cannot be resolved, only then shall the matter be brought to the Board of Directors. The Board of Directors in turn shall resolve the matter in the immediately succeeding meeting. The concerned members of the Oversight Committee may also call for a special Board of Directors meeting to resolve this issue.

**C. Acts of Board of Directors**

- 7.7 The parties agree that at meetings of the Board of Directors of MTC the affirmative vote of at least one (1) representative Director each of PIHI and of TCC hereto shall be required for the following corporate acts:
- (a) Amendment of the Articles of Incorporation;
  - (b) Amendment, repeal, or adoption of By-Laws;
  - (c) Increase or decrease of authorized or issued capital stock, creation or issuance of a new class of shares, bonds or any other securities or rights carrying rights to subscribe for or purchase any shares in MTC;
  - (d) Creation or increase of bonded indebtedness;
  - (e) Declaration and distribution of dividends;
  - (f) Any transaction or decision that can cause the dilution or diminution of the equity interest or shareholding of any of the parties;
  - (g) Merger or consolidation of MTC with other parties or entities;
  - (h) Dissolution of MTC;
  - (i) Any subscription to or acquisition of any stock of another company;

- (j) Any disposition of, or the voluntary creation of any mortgage, charge, encumbrance or lien on all or substantially all of the assets of MTC, except in the ordinary course of business; provided that, in any event, if the mortgage, charge, encumbrance or lien is in excess of Two Hundred Fifty Thousand US Dollars (\$250,000) or such amount as the Board of Directors of MTC may from time to time determine, approval hereunder shall be required;
- (k) Borrowings or guaranties of payment or performance by third parties in excess of Two Hundred Fifty Thousand US Dollars (\$250,000) or such amount as the Board of Directors of MTC may from time to time determine;
- (l) Acquisition, sale or lease of assets the value of which exceeds Two Hundred Fifty Thousand US Dollars (\$250,000) at any one time or in the aggregate value;
- (m) Issuance of shares of MTC in exchange for property needed for the purposes of MTC or for the payment of a previously contracted debt of MTC;
- (n) Approval of any contract which is not in the ordinary course of business or deviates from the contractual intent of the parties as provided in Article 1.1;
- (o) Adoption of resolutions pertaining to any matter which has not been specified in the agenda set forth in the Notice of Board Meeting.
- (p) Approval of the annual budget, business plan and other major plans of actions and amendment;
- (q) An unbudgeted investment of any nature in the amount of Two Hundred Fifty Thousand US Dollars (\$250,000);
- (r) Conclusion, modification, amendment or cancellation of any important contract or agreement, including but not limited to the following:
  - (1) technical assistance agreement
  - (2) service agreement
  - (3) trade name or trademark agreement
  - (4) lease agreement
  - (5) agreements between the NEWCO and any of the parties hereto, including any of the parties Subsidiaries.
- (s) Set up or substantial change or modification of organization;



- (t) Determining or fixing the debt-to-equity ratio;
- (u) Incurring or guaranteeing of any obligation which if actually incurred will exceed the debt-to-equity ratio of 1:1 or other debt to equity ratio as may be approved by the Board;
- (v) Establishing limits of delegated authority for disbursement and contractual arrangement;
- (w) Approval of audited financial statements;
- (x) Extension of any loan or advance to any person other than in the normal course of business as well as other financing arrangements (e.g. additional equity/loan incurred by MTC);
- (y) The approval of any compromise or settlement (i) with the government or proper authority covering the compensation to be paid to MTC in the event of the expropriation of the company by the government or any other proper authority or any other related matter in connection with such expropriation, or (ii) with the insurer(s) covering the amount of insurance proceeds to be paid to MTC; (iii) of any legal proceedings, except routine debt collection; (iv) with the government or proper authority covering the claims and lawsuits described in Schedule 3.1.4 of the Sale Agreement; and
- (z) Adoption of resolutions pertaining to any matter which has not been specified in the agenda set forth in the Notice of Stockholders' Meeting.

#### **D. Acts of the Shareholders**

7.8 The parties also agree that unless a greater number is required by law, the affirmative vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of MTC, at a meeting duly called for that purpose, shall be required for the following corporate acts:

- (a) Amendment of the Articles of Incorporation;
- (b) Amendment, repeal, or adoption of By-Laws;
- (c) Increase or decrease of authorized or issued capital stock, creation or issuance of new a class of shares, bonds or any other securities or rights carrying rights to subscribe for or purchase any shares in MTC;
- (d) Creation or increase of bonded indebtedness;

- (e) Declaration and distribution of dividends;
- (f) Any transaction or decision that can cause the dilution or diminution of the equity interests or shareholding of any of the parties;
- (g) Merger or consolidation of MTC with any other parties or entities;
- (h) Dissolution of MTC; and
- (i) Any subscription to or any of the stock of another company;

#### **ARTICLE 8. MANAGEMENT OF MTC**

- 8.1. Unless this Agreement is terminated in accordance with the provisions set forth herein and so long as TCC and MHC, on one hand, and PIHI own the same percentage of equity in MTC (except as provided in Article 7.1 above), PIHI shall have the right to manage MTC.
- 8.2 TCC, PIHI and MHC shall cause MTC to enter into a management or similar contract with PIHI or any company belonging to the PIHI Group of Companies for the day-to-day management, administration and operation of MTC. The monthly management fee shall be equivalent to the CEO's salary and other fees and expenses approved by the Board of Directors.
- 8.3 TCC shall have the right to nominate and appoint the comptroller, external and internal auditors of MTC.

#### **ARTICLE 9. IMPLEMENTATION OF AGREEMENT**

The parties hereto agree to execute or cause to be executed all such documents, contracts or instruments as may be necessary or required in order to carry out the intent and purposes of this Agreement.

#### **ARTICLE 10. ARBITRATION**

- 10.1. This Agreement is based largely on mutual trust and confidence. The parties hereto agree to carry out this Agreement in a fair and cooperative spirit for their mutual benefit. Should any dispute, difference or disagreement arise between the parties in connection with or by reason of this Agreement, the parties hereto shall endeavor to resolve such dispute, difference or disagreement amicably and in a spirit of friendship.
- 10.2. In the event that such dispute, difference or disagreement cannot be settled by mutual agreement, the parties shall undertake to settle by negotiation in good faith. If the same is not resolved it shall be settled finally by arbitration

in Singapore to be conducted pursuant to the then current Rules of Conciliation and Arbitration of the International Chamber of Commerce.

- 10.3 The award rendered in such arbitration will be binding on all parties, will not be subject to appeal and may be entered in any court having jurisdiction.

#### **ARTICLE 11. GOVERNING LAW**

This Agreement shall be governed and construed in accordance with the laws of Singapore.

#### **ARTICLE 12. TERM AND TERMINATION**

- 12.1 Except as otherwise provided herein, this Agreement shall continue in full force and effect for the corporate term of MTC or until:
- (a) the shareholders unanimously agree in writing to terminate this Agreement; or
  - (b) effective resolution is passed or a binding order is made for the winding up of MTC.
- 12.2 The termination of this Agreement shall not in any way operate to impair or destroy any of the rights or remedies of PIHL, TCC or MHC, or to relieve any of the parties of its obligations to comply with any of the provisions of this Agreement, which shall have accrued prior to the effective date of termination.

#### **ARTICLE 13. NOTICES**

- 13.1. Except as otherwise expressly provided herein, any notice, communication, request, acceptance or approval required or permitted to be given hereunder shall be made in writing, personally delivered or mailed by postage-prepaid by registered mail, or sent by telefax or e-mail, addressed to the party for which it is intended at the following addresses:

If to PIHL:

Mr. Jose Ricardo Delgado  
4/F SGV II Building  
6758 Ayala Avenue  
Makati, Metro Manila  
Philippines

Fax No. : (632) 812-7719  
e-mail address: jrd@citadel.com.ph



If to TCC:

Colin M. Thompson, Esq.  
P.O. Box 501280, Lower Base  
Saipan, MP 96950

Fax No. : (670) 322-4716  
e-mail address: Colin.Thompson@Saipan.com

If to MHC:

Robert O'Connor  
O'Connor Berman Dotts & Banes  
2<sup>nd</sup> Floor, Nauru Building  
P.O. Box 501969  
Saipan, MP 96950

Fax No. : (670) 234-5683  
e-mail address: attorneys@saipan.com

13.2. In the event of change of address, the party changing its address shall notify the other parties in writing.

13.3. All notices shall be deemed to be given, if by prepaid registered mail - ten (10) business days after mailing, or if by facsimile or telex or e-mail - the day of transmission.

#### ARTICLE 14. CONFIDENTIALITY

The parties agree to keep confidential and secret, and not to disclose to any third party, any of the contents of this Agreement, amendments hereto, and other agreements contemplated hereunder, unless disclosure of such information is required to be submitted to appropriate governmental regulatory authorities. The provision of this Article shall survive the termination of this Agreement.

#### ARTICLE 15. WAIVERS

The waiver, express or implied, by any of the parties to this Agreement of any right hereunder, or of any failure to perform, or of any breach by any other party or parties hereto, shall not constitute or be deemed as a waiver of such provision(s) granting such right or requiring such performance, or of the right of such party to thereafter enforce each and every such provision, or to enforce any other right hereunder. Any specific right or remedy contained in this Agreement shall not be exclusive, but shall be

cumulative upon all other rights and remedies hereunder or otherwise allowed or allowable under applicable law.

#### ARTICLE 16. DISCLAIMER OF AGENCY

Except as expressly provided herein, this Agreement does not constitute any party hereto the legal representative or agent of the other parties, nor does any party have the right or authority to assume, create, or incur any liability or any obligation of any kind, express or implied, against or in the name of, or on behalf of, the other parties hereto.

#### ARTICLE 17. SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not be deemed to alter the validity or enforceability of any other provision hereof.

#### ARTICLE 18. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon the parties and their respective successors and assigns, and whoever shall acquire their respective shares in MTC, or any part thereof, pursuant to and in accordance with this Agreement and the Articles of Incorporation and By-Laws of MTC; provided, however, that the parties hereto may not assign any of their rights and obligations under this Agreement without the prior written consent of the other parties hereto.

#### ARTICLE 19. ENTIRE AGREEMENT

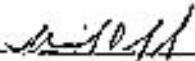
This Agreement contains the entire agreement and understanding among the parties and merges and supersedes all prior discussion and writing with respect to the subject matter hereof. No modification or alteration of this Agreement shall be effective unless made in writing and signed by the duly authorized representatives of the parties hereto.




IN WITNESS WHEREOF, the parties hereto or their duly authorized representative have signed these presents on the date and at the place indicated above.

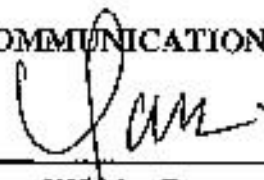
**PROSPECTOR INVESTMENT HOLDINGS  
INC.**

\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Name: Jose Ricardo Delgado  
Position: President

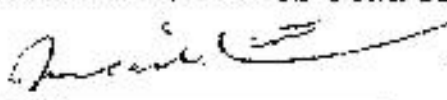
**THC COMMUNICATIONS CORPORATION**

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Name: Willie Tan  
Position: President and Chairman of the Board

**MISSOURI HOLDINGS CORPORATION**

\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Name: Michael Leung  
Position: President

**IB DOCKET NO. 02-111**

**ATTACHMENT 2**

**TO PACIFIC TELECOM INC'S**

**RESPONSE TO**

**INTERNATIONAL BUREAU'S AUGUST 1, 2002**

**INFORMATION REQUEST**

**AUGUST 16, 2002**

## CRIMINAL DOCKET - U.S. District Court

U.S.

(LAST, FIRST, MIDDLE)

Case Filed  
Mo. Day Yr.

Docket No.

Def.

PO ☐ 994  
Misd. ☐  
Felony ☒ District Off Judge/Magistr.Assigned  
9402  
Diap./Sentence☐ WRIT  
☐ JUVENILE  
☐ ALIASVS. L & T INTERNATIONAL CORPORATION  
18 USC sec. 100112 13 91  
1 No. of  
Def's U.S. MAG.  
CASE NO.

00018

I. CHARGES

U.S. TITLE/SECTION

18 USC sec. 1001 Statements of entries generally

OFFENSES CHARGED

ORIGINAL COUNTS

DISM.

NG

II. KEY DATE

INTERVAL ONE

KEY DATE

EARLIEST OF

☐ arrest  
☐ sum'n's  
☐ custody  
☐ appears-on  
complaint

END ONE AND/OR BEGIN TWO (OR RESTART PERIOD TO TRIAL)

KEY DATE

APPLICABLE

☐ Indictment  
filed/unsealed  
☐ consent to Magr.  
trial on complaint  
☐ Information  
☐ Felony-Waiver

KEY DATE

APPLICABLE

a) ☐ 1st appears on pend-  
ing charge /R40  
b) ☐ Receive file R20/21  
c) ☐ Supedg: ☐ Ind ☐ Inf  
d) ☐ Order New trial  
e) ☐ Remand f) ☐ J.G./P Withdrawn

END INTERVAL TWO

KEY DATE

APPLICABLE

☐ Dismissal  
☐ Pled  
☐ Guilty ☐ After N.  
☐ Nolo ☐ After nx  
☐ Trial (voir dire) begn  
☐ Jury ☐ N.J.1st appears with or  
waives counsel

ARRAIGNMENT

1st Trial Ended

RE-  
TRIAL

2nd Trial Began

DISPOSITION DATE

SENTENCE DATE

☐ PTD  
☐ Nolle  
☐ Pros.FINAL CHARGES DISMISSED  
☐ on S.T.  
☐ grounds ☐ W.P. ☐ WOPon d  
moti  
on p  
mos

## III. MAGISTRATE

Search  
WarrantIssued  
Return

Summons

Issued  
Served

Arrest Warrant issued

COMPLAINT

Date of Arrest

OFFENSE (In Complaint)

DATE INITIAL/NO.

INITIAL APPEARANCE DATE

PRELIMINARY  
EXAMINATIONREMOVAL  
OR  
HEARING☐ WAIVED ☐ NOT WAIVED☐ INTERVENING INDICTMENTDate  
Scheduled

Date Held

Tape Number

INITIAL/NO.

OUTCOME:

☐ DISMISSED  
☐ HELD FOR GJ OR OTHER PRO-  
CEEDING IN THIS DISTRICT☐ HELD FOR GJ OR OTHER PRO-  
CEEDING IN DISTRICT BELOW

Show last names and suffix numbers of other defendants on same indictment/information:

RULE ☐ ☐ ☐ ☐ ☐ ☐  
20 21 40 In CATTORNEYS  
U.S. Attorney or Asst.Richard W. Pierce, AUSA  
Third Floor, Horiguchi Building  
SAipan, MP 96950 Tel. (670) 234-9133Defense: 1 ☐ CJA. 2 ☒ Ret. 3 ☐ Waived. 4 ☐ Self. 5 ☐ Non / Other. 6 ☐ PD. 7 ☐ CD

Robert J. O'Connor

IV. NAMES &amp; ADDRESSES OF ATTORNEYS, SURETIES, ETC.

## FINE AND RESTITUTION PAYMENTS

Docket Entries Begin On Reverse Side

DATE	RECEIPT NUMBER	C.D. NUMBER	DATE	RECEIPT NUMBER	C.D. NUMBER

## BAIL • RELEASE

## PRE-INDICTMENT

Release Date

☐ Bail  
☐ Denied☐ Fugitiv  
☐ Pers. R

AMOUNT SET

\$

Date Set

☐ 10% Des  
☐ Surety II☐ Bail Not Made

Date Bond Made

☐ Collaten  
☐ 3rd Prty  
☐ Other

## POST-INDICTMENT

Release Date

☐ Bail  
☐ Denied☐ Fugitiv  
☐ Pers. R

AMOUNT SET

\$

Date Set

☐ 10% De  
☐ Surety I☐ Bail Not Made

Date Bond Made

☐ Collaten  
☐ 3rd Prty  
☐ Other

## APPEALS FEE PAYMENTS

DATE DOCUMENT NO.	Yr.	Docket No.	Def.	MASTER DOCKET - MULTIPLE DEFENDANT CASE PROCEEDINGS DOCKET FOR SINGLE DEFENDANT	PAGE <input type="checkbox"/> OF <input type="checkbox"/>	VI EXCLUDABLE DELAY		
						Start Date End Date	Lr. Code	Total Days
<u>1991</u>	91	00018	1	<input checked="" type="checkbox"/> V. PROCEEDINGS				
DEC. 13			1	(OPTIONAL) Show last names of defendants INFORMATION.				
			2	PLEA AGREEMENT.				
			CM	ARRAIGNMENT & PLEA. Def appr'd w/cns'l. Govt appr'd. Def waived reading of info & entered a plea of nolo contendere. Crt accepted plea & ord a PSI & sentencing is set for FEB 14, 1992 at 9:00 a.m.				
DEC. 23			3	ORDER after arraignment & plea.				
<u>1992</u>								
JAN. 13			4	<del>UNITED states statement adopting findings of presentence report</del> Redocketed in Cr.91-00010 See doc. no. 71A.		gp ct		
FEB. 14			4	ORDER Re-Setting Sentencing Date - 2/20/92-9:00 a.m.		ct		
FEB. 25			5	SECOND ORDER Re-Setting Date Of Sentencing - (3/6/92-9:00 a.m.		ct		
MAR. 06			CM	SENTENCING: Def appr'd. Govt appr'd. Parties have no obj to PSI report. Parties made their mitigating comments. SENT: Fine of \$500,000.00 to be paid in installments as follows: \$40,000.00 the day of sentencing. Quaterly thereafter of \$38,333.33 per quarter w/int. PROBATION for 3 yrs. fine to be paid within period of probation.				
MAR. 27			6	JUDGMENT in a criminal case re L & T International Corporation.		gp		
APR. 10			7	ABSTRACT of judgment re L & T International Corporation.		gp		
			8	CONDITIONS of probation and supervised release.		gp		

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FILED  
Clerk  
District Court

OCT 22 1991

For The Northern Mariana Islands  
By [Signature]  
(Deputy Clerk)

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN MARIANA ISLANDS

UNITED STATES OF AMERICA,

Plaintiff,

vs.

L & T INTERNATIONAL  
CORPORATION,

Defendant.

CRIMINAL NO. 91-00018

ORDER AFTER  
ARRAIGNMENT AND PLEA

THIS MATTER came on for hearing on Friday, December 13, 1991, at 3:15 p.m. Plaintiff appeared by and through Richard W. Pierce; defendant L & T INTERNATIONAL CORPORATION appeared through counsel, Robert J. O'Connor, Esq., and defendant's comptroller, Glicerio Arago.

The defendant, through counsel, waived reading of the criminal information. The court accepted the corporate resolution of the defendant L & T INTERNATIONAL CORPORATION authorizing comptroller ARAGO to enter a plea on the defendant's behalf. The court accepted a plea agreement entered into by the parties and counsel.

The defendant, through comptroller ARAGO, was advised of the nature of the charge, to-wit: knowingly making materially false statements in a matter within the jurisdiction of the U.S.

Department of Labor in violation of 18 United States Code (U.S.C.) § 1001. The court advised defendant, through its comptroller, of its right to a speedy public trial, against self incrimination, the presumption of innocence, the burden of proof is with the government, its right to subpoena witnesses on the defendant's behalf, to testify at a trial only if the corporation wanted to and to see, hear, confront and question all witnesses against the defendant.

The defendant, through its comptroller, entered a plea of nolo contendere which plea was accepted by the court. Upon acceptance of the plea of nolo contendere, the court hereby makes a finding of guilty to one count of knowingly making materially false statements in a matter within the jurisdiction of the U.S. Department of Labor in violation of 18 United States Code (U.S.C.) § 1001.

A presentence investigation report is hereby ordered and the sentencing date shall be February 14, 1992, at 9:00 a.m.

IT IS SO ORDERED.

DATED this 17th day of December, 1991.

  
Marty W. K. Taylor  
Judge



**United States District Court**District of the NORTHERN MARIANA ISLANDS

UNITED STATES OF AMERICA

V.

L &amp; T INTERNATIONAL CORPORATION,

**JUDGMENT IN A CRIMINAL CASE**  
(For Offenses Committed On or After November 1, 1987)

Case Number: CR-91-00018

(Name of Defendant)

Mr. Robert O'Connor, Esq.  
Defendant's Attorney

## THE DEFENDANT:

- ☒ pleaded <sup>nolo</sup> ~~guilty~~ to count(s) 1
- ☐ was found guilty on count(s) \_\_\_\_\_ after a plea of not guilty.

Accordingly, the defendant is adjudged guilty of such count(s), which involve the following offenses:

Title & Section	Nature of Offense	Date Offense Concluded	Count Number(s)
18 U.S.C. 1001	Making False Statement	Dec. 1990	1

FILED  
Clerk  
District Court

MAR 06 1992

For The Northern Mariana Island

The defendant is sentenced as provided in pages 2 through 3 of this judgment. The sentence is \_\_\_\_\_ imposed pursuant to the Sentencing Reform Act of 1984. (Clerk)

- ☐ The defendant has been found not guilty on count(s) \_\_\_\_\_ and is discharged as to such count(s).
- ☐ Count(s) \_\_\_\_\_ (is)(are) dismissed on the motion of the United States.
- ☐ It is ordered that the defendant shall pay a special assessment of \$ \_\_\_\_\_, for count(s) \_\_\_\_\_, which shall be due ☐ immediately ☐ as follows:

IT IS FURTHER ORDERED that the defendant shall notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid.

Defendant's Soc. Sec. No.: NoneDefendant's Date of Birth: Not Applicable

Defendant's Mailing Address:

Defendant's Residence Address:

March 6, 1992

Date of Imposition of Sentence

Alex R. Munson  
Signature of Judicial Officer

Hon. Alex R. Munson, Chief Judge

Name &amp; Title of Judicial Officer

March 6, 1992

Date



Defendant: L & T INTERNATIONAL CORPORATION  
Case Number: CR-91-00018

Judgment—Page 2 of X 3

### PROBATION

The defendant is hereby placed on probation for a term of three (3) years. Upon a violation of the terms of probation, the Defendant may be resentenced with a greater fine and an additional period of probation with more stringent conditions.

While on probation, the defendant shall not commit another Federal, state, or local crime, shall not illegally possess a controlled substance, and shall not possess a firearm or destructive device. The defendant also shall comply with the standard conditions that have been adopted by this court (set forth below). If this judgment imposes a fine or a restitution obligation, it shall be a condition of probation that the defendant pay any such fine or restitution. The defendant shall comply with the following additional conditions:

(SEE ADDITIONAL CONDITIONS ON PAGES 2A and 2B)

### STANDARD CONDITIONS OF SUPERVISION

While the defendant is on probation pursuant to this judgment, the defendant shall not commit another federal, state or local crime. In addition:

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer within 72 hours of any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.



ADDITIONAL CONDITIONS OF PROBATION

The terms of probation shall include:

- (a) Timely payment of fine installments;
- (b) Quarterly publication to the Chinese team leaders and to the directors, shareholders, and management employees of the Defendant L&T and each of the related corporations -- American International Knitters Corporation, American Investment Corporation, Pacific Garment Manufacturing Corporation, and Pacific International Corporation, hereinafter "related corporations" -- of the criminal information, plea agreement and final judgment in this criminal action, in both the English and Mandarin languages;

(c) Quarterly reports, with the first due one month after sentencing of:

(1) the fact of publication as required by paragraph (b) above;

(2) any direct or indirect transfer of monies, debt instruments or anything of value that originates or is secured in whole or in part from or by money or checks of or wages or overtime legally due or given to any employees of L&T or a related corporation from any person or individual, to any agent, employee, director, manager, partner, relative, joint venturer, shareholder, or supplier of goods, service, material, or labor to, of or for Tan, Siu Lin; any individual related by marriage or blood to the second degree to Tan, Siu Lin; or any person in which Tan, Siu Lin or any blood relation or relative by marriage of Tan, Siu Lin to the second degree has any interest through debt instrument, stock ownership, rights to profits or income, or any other means (transfers made on Saipan to retail stores for purchases or to banks on Saipan for deposit in the account of the employee are exempt from the disclosure); (The report on transfers will include the date of the transfer, to whom and from whom the transfer is made, by name, address, and telephone number, a statement attesting to the purpose of the transfer, the value of the transfer, and the means by which the transfer was accomplished, such as electronic transfer, and any account numbers with the name of the relevant financial institutions involved in the transfer.)



(3) Each person owned or controlled by or jointly owned or controlled by a) Tan, Siu Lin, b) any stockholder of L&T or a related corporation, c) an individual related by blood or marriage to the second degree to Tan, Siu Lin, or d) a person owned or controlled or jointly owned and controlled by any individual or person that falls under (3)(a), (3)(b) or (3)(c); (The report required by c(3) will include the name, address, and telephone number of the person owned or controlled, and the name, address, and telephone number of the owner or controller. A person or individual owns or controls another person if the person or individual has ten per cent or more of the assets, liabilities, voting stock, or other measure of control or right to profits or assets of the other person. Persons or individuals jointly own or control another person if they collectively have 50 per cent or more of the assets, liabilities, voting stock, or other measure of control or rights to profits or assets of the other person.)

As used in this subparagraph (c), the word "person" means any entity, cooperative, association, partnership, organization, company, corporation, joint venture, or quasi-government group organized or existing under the laws of any jurisdiction in the world.

The report required by subparagraph (c) will be made in writing, under oath, by the executive officer of L & T, to the United States Probation Office and to the United States Attorney for the District of the Northern Mariana Islands.

(d) L&T or a related corporation shall not violate any criminal law of the United States, any state, or the Commonwealth of the Northern Mariana Islands.

(e) L&T or a related corporation shall not make any attempt to cause any money or funds or monetary instruments of any employee of L&T or a related corporation to be transferred to any person or individual included in subparagraph (c)(3) above.



Defendant: L & T INTERNATIONAL CORPORATION  
Case Number: CR-91-00018

Judgment—Page 3 of 3

FINE

The defendant shall pay a fine of \$ 500,000.00. The fine includes any costs of incarceration and/or supervision.

☒ This amount is the total of the fines imposed on individual counts, as follows: Count 1.

☐ The court has determined that the defendant does not have the ability to pay interest. It is ordered that:

- ☐ The interest requirement is waived.
- ☐ The interest requirement is modified as follows:

This fine plus any interest required shall be paid:

- ☐ in full immediately.
- ☐ in full not later than \_\_\_\_\_.
- ☐ in equal monthly installments over a period of \_\_\_\_\_ months. The first payment is due on the date of this judgment. Subsequent payments are due monthly thereafter.
- ☒ in installments according to the following schedule of payments:
  - \$40,000.00 on the day of sentencing (3/6/92);
  - \$38,333.33 per quarter thereafter, with interest accumulated at the legal rate, the accumulated interest to be paid on the last payment.

If the fine is not paid, the court may sentence the defendant to any sentence which might have been originally imposed. See 18 U.S.C. § 3614.



ORIGINAL

## ABSTRACT OF JUDGMENT

## NOTICE

Pursuant to Title 28, United States Code, Section 3201, this judgment, upon the filing of this abstract in the manner in which a notice of tax lien would be filed under paragraphs (1) and (2) of 26 U.S.C. §6323(f), creates a lien on all real property of the defendant(s) and has priority over all other liens or encumbrances which are perfected later in time. The lien created by this section is effective, unless satisfied, for a period of 20 years and may be renewed by filing a notice of renewal. If such notice of renewal is filed before the expiration of the 20 year period to prevent the expiration of the lien and the court approves the renewal, the lien shall relate back to the date the judgment is filed.

Names of Parties against whom Judgements have been obtained	Names of Parties in whose favor Judgements have been obtained
---	---

L &amp; T International Corporation

United States of America  
CR 91-00018FILED  
Clerk  
District Court

MAR 26 1992

For The Northern Mariana Islands  
By \_\_\_\_\_  
(Deputy Clerk)

SSN: NONE

DOB: Not Applicable

Amount of Judgment	Names of Creditors Attorneys	When Docketed
<u>\$ 500,000 fine</u> \$40,000 on day sentenced (3/6/92); \$38,333.33 per quarter thereafter, with interest accumulated at the legal rate, the accumulated interest to be paid on the last payment.	United States Attorney 3rd Floor, Horiguchi Bldg. P.O. Box 377 Saipan, MP 96950	03-06-92

UNITED STATES OF AMERICA,

CLERK'S OFFICE

U.S. DISTRICT COURT  
FOR THE DISTRICT OF THE  
NORTHERN MARIANA ISLANDS  
SS.

I CERTIFY, That the foregoing is a correct Abstract of the Judgement entered or registered by this Court.

Date,

March 26, 1992

, Clerk.

By

GALO L. PEREZ

, Deputy Clerk.



Conditions of Probation and Supervised Release

FILED  
Clerk  
District Court

UNITED STATES DISTRICT COURT

FOR THE

NORTHERN MARIANA ISLANDS

APR 10 1992

For The Northern Mariana Islands  
By [Signature] (Clerk)

Name L & T International Corporation

Docket No. 91-00018

Address Saipan, MP 96950

Under the terms of your sentence, you have been placed on probation/~~supervised release~~ by the  
Honorable Alex R. Munson, United States District Judge for the District of  
Northern Mariana Islands. Your term of supervision is for a period of 3 Years,  
commencing March 6, 1992.

While on probation/~~supervised release~~, you shall not commit another Federal, state, or local crime  
and shall not illegally possess a controlled substance. Revocation of probation and supervised release is mandatory for  
possession of a controlled substance. Upon a violation of the terms of probation,  
you may be resentenced with a greater fine and an additional period of  
probation with more stringent conditions.  
CHECK IF APPROPRIATE:

- ☒ As a condition of supervision, you are instructed to pay a fine in the amount of \$500,000.00;  
it shall be paid in the following manner In installments of \$40,000 on the day of sentencing  
(3/6/92); \$38,333.33 p/quarter thereafter w/interest accumulated at the leg  
☐ As a condition of supervision, you are instructed to pay restitution in the amount of \_\_\_\_\_ to rate  
\_\_\_\_\_ ; it shall be paid in the following manner \_\_\_\_\_ .
- ☐ The defendant shall not possess a firearm or destructive device. Probation must be revoked for possession of a  
firearm.
- ☐ The defendant shall report in person to the probation office in the district to which the defendant is released within  
72 hours of release from the custody of the Bureau of Prisons.
- ☐ The defendant shall report in person to the probation office in the district of release within 72 hours of release from  
the custody of the Bureau of Prisons.

It is the order of the Court that you shall comply with the following standard conditions:

- (1) You shall not leave the judicial district without permission of the court or probation officer;
- (2) You shall report to the probation officer as directed by the court or probation officer, and shall submit a  
truthful and complete written report within the first five days of each month;
- (3) You shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation  
officer;



Defendant: L & T International Corporation  
Case No: CR-91-00018

Additional Conditions of Probation

The terms of probation shall include:

a. Timely payment of fine installments;

b. Quarterly publication to the Chinese team leaders and to the directors, shareholders, and management employees of the Defendant L&T and each of the related corporations -- American International Knitters Corporation, American Investment Corporation, Pacific Garment Manufacturing Corporation, and Pacific International Corporation, hereinafter "related corporations" -- of the criminal information, plea agreement and final judgment in this criminal action, in both the English and Mandarin languages;

c. Quarterly reports, with the first due one month after sentencing of:

1) the fact of publication as required by subparagraph 6(b);

2) any direct or indirect transfer of monies, debt instruments or anything of value that originates or is secured in whole or in part from or by money or checks of or wages or overtime legally due or given to any employees of L&T or a related corporation from any person or individual, to any agent, employee, director, manager, partner, relative, joint venturer, shareholder, or supplier of goods, service, material, or labor to, of or for Tan, Siu Lin; any individual related by marriage or blood to the second degree to Tan, Siu Lin; or any person in which Tan, Siu Lin or any blood relation or relative by marriage of Tan, Siu Lin to the second degree has any interest through debt instrument, stock ownership, rights to profits or income, or any other means (transfers made on Saipan to retail stores for purchases or to banks on Saipan for deposit in the account of the employee are exempt from this disclosure); (The report on transfers will include the date of the transfer, to whom and from whom the transfer is made, by name, address, and telephone number, a statement attesting to the purpose of the transfer, the value of the transfer, and the means by which the transfer was accomplished, such as electronic transfer, and any account numbers with the name of the relevant financial institutions involved in the transfer).

3) Each person owned or controlled by or jointly owned or controlled by a) Tan, Siu Lin, b) any stockholder of L&T or a related corporation, c) an individual related by blood or marriage to the second degree to Tan, Siu Lin, or d) a person owned or controlled or jointly owned and controlled by any individual or person that falls under (3)(a), (3)(b) or (3)(c); (The report required by c(3) will include the name, address, and telephone



number of the owner or controller. A person or individual owns or controls another person if the person or individual has ten per cent or more of the assets, liabilities, voting stock, or other measure of control or right to profits or assets of the other person. Persons or individuals jointly own or control another person if they collectively have 50 per cent or more of the assets, liabilities, voting stock, or other measure of control or rights to profits or assets of the other person.)

As used in this subparagraph 6(c), the work "person" means any entity, cooperative, association, partnership, organization, company, corporation, joint venture, or quasi-government group organized or existing under the laws of any jurisdiction in the world.

The report required by subparagraph 6(c) will be made in writing, under oath, by the executive officer of L&T, to the United States Probation Office and to the United States Attorney for the District of the Northern Mariana Islands.

d. L&T or a related corporation shall not violate any criminal law of the United States, any state, or the Commonwealth of the Northern Mariana Islands. (The defendant reserves the right to request the Court for a more limited prohibition under this subparagraph; the United States reserves the right to argue for the inclusion of the paragraph as is.)

e. L&T or a related corporation shall not make any attempt to cause any money or funds or monetary instruments of an employee of L&T or a related corporation to be transferred to any person or individual included in subparagraph (c)((3) above.

**IB DOCKET NO. 02-111**

**ATTACHMENT 5**

**TO PACIFIC TELECOM INC'S**

**RESPONSE TO**

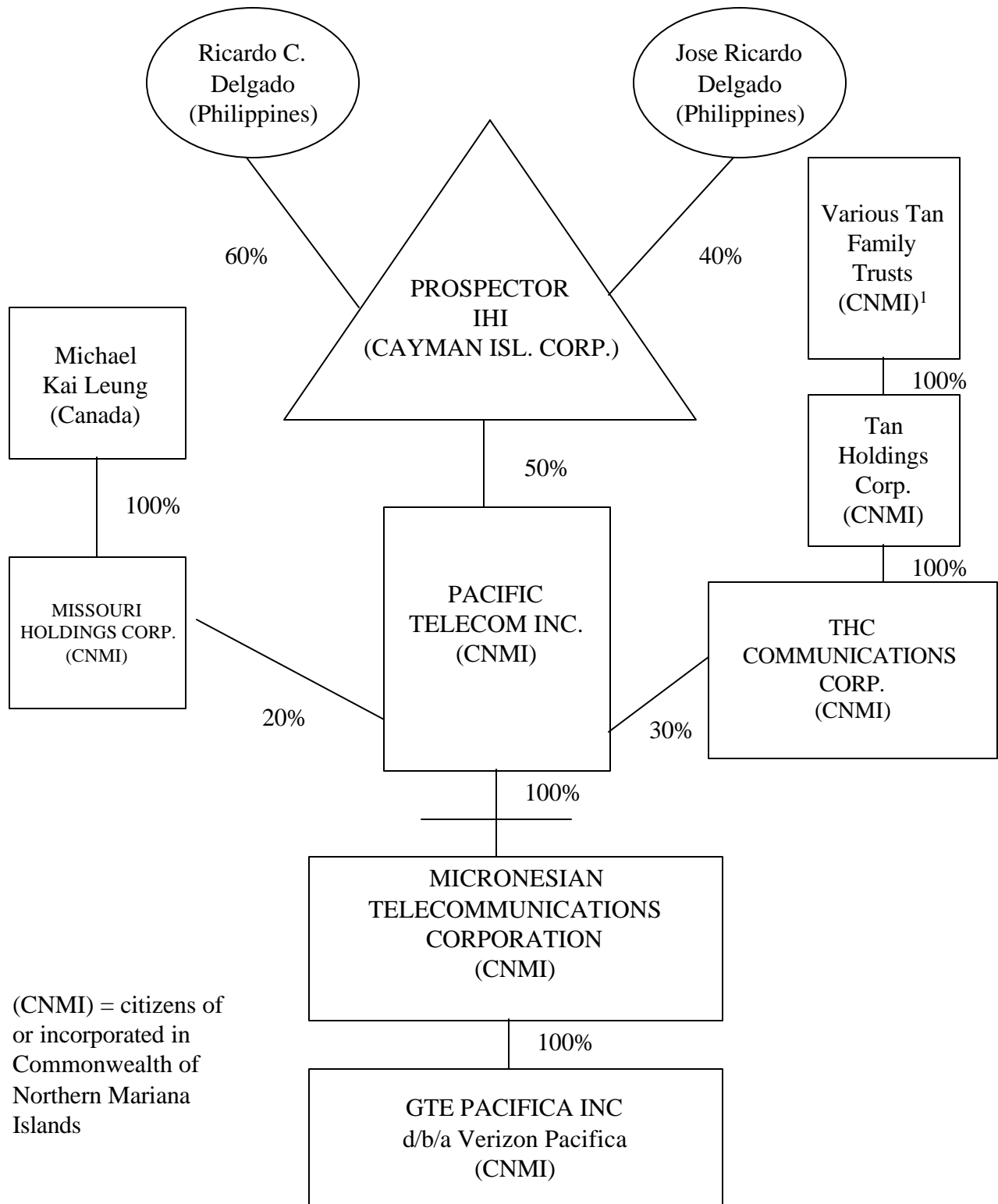
**INTERNATIONAL BUREAU'S AUGUST 1, 2002**

**INFORMATION REQUEST**

**AUGUST 16, 2002**

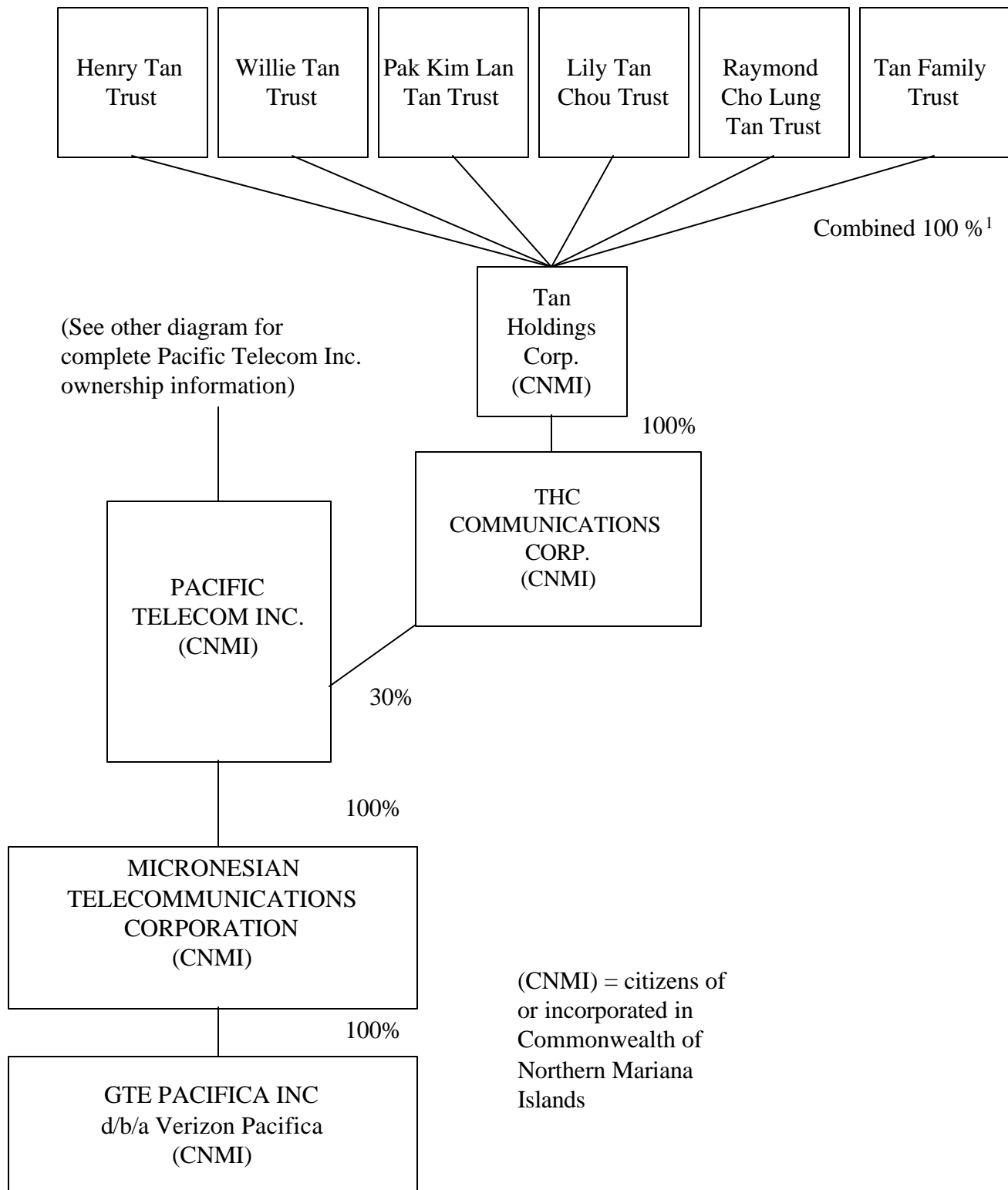


# PACIFIC TELECOM INC. OWNERSHIP STRUCTURE



<sup>1</sup> See *Petition for Declaratory Ruling Under Section 310(b)(4)* for description of 7 percent foreign (WTO) beneficiaries (2.1 percent diluted foreign interest in Pacific Telecom Inc.).

## Summary of Tan Family Trusts' Ownership in Pacific Telecom Inc.



<sup>1</sup> See attached page for percentages owned by each individual trust.

## SUMMARY OF VARIOUS TAN FAMILY TRUSTS

NAME OF TRUST	TRUST'S OWNERSHIP OF TAN HOLDINGS CORP. (%)	TRUSTEE	NAME OF BENEFICIARY/CITIZENSHIP <sup>1</sup>
Henry Tan Trust	16%	Siu Lin Tan	(1) Henry Tan, US Citizen (2) Jeffrey Shaw Ying Tan, US Citizen (3) Jason Shaw Tse Tan, US Citizen (4) Jeremy Shaw Run Tan, US Citizen (5) Jennifer Sze Tink Tan, US Citizen (6) Joise Tan, US Citizen
Willie Tan Trust	15%	Siu Lin Tan	(1) Willie Tan, US Citizen (2) Cecilly Ann Ang Tan, US Citizen (3) Cedrick Jon Ang Tan, US Citizen (4) Cellini Ann Ang Tan, US Citizen (5) Candice Ann Ang Tan, US Citizen (6) Rosalina Tan, Filipino Citizen
Pak Kim Lan Tan Trust	19%	Siu Lin Tan	(1) Pak Kim Lan Tan, US Citizen (2) Henry Tan, US Citizen (3) Willie Tan, US Citizen (4) Lily Tan Chou, US Citizen (5) Raymond Tan, US Citizen (6) Jerry Tan, US Citizen (7) Sunny Tan, US Citizen (8) Siu Lin Tan, US Citizen
Lily Tan Chou Trust	10%	Siu Lin Tan	(1) Lily Tan Chou, US Citizen (2) Jamie Yun Cheng Chou, US Citizen (3) Joseph Yun Ta Chou, US Citizen (4) Jonathan Yun Xiong Chou, US Citizen (5) Samuel Tan, British HK National
Raymond Cho Lung Tan Trust	10%	Siu Lin Tan	(1) Raymond Tan, US Citizen (2) Justin Wing San Tan, US Citizen (3) Jessica Ning Sang Tan, US Citizen (4) Cynthia Tan, British National Overseas
Tan Family Trust	30%	Siu Lin Tan	(1) Siu Lin Tan, US Citizen (2) Pak Kim Lan Tan, US Citizen (3) Henry Tan, US Citizen (4) Willie Tan, US Citizen (5) Lily Tan, US Citizen (6) Raymond Cho Lung Tan, US Citizen (7) Jerry Cho Yee Tan, US Citizen (8) Sunny Tan, US Citizen

<sup>1</sup> Each beneficiary holds an equal share of each trust. For example, as one of six beneficiaries of the Henry Tan Trust, Henry Tan holds 16.67% of the 16% of the equity in Tan Holdings Corp. held by the Henry Tan Trust. Accordingly, since Tan Holdings Corp. holds 100% of the equity of THC Communications Corp., which holds 30% of the equity of Pacific Telecom Inc., Henry Tan indirectly holds 0.8 % of the equity of Pacific Telecom Inc. (16.67% of trust \* 16% of Tan Holdings Corp. \* 30% of Pacific Telecom Inc.).

**IB DOCKET NO. 02-111**

**ATTACHMENT 7**

**TO PACIFIC TELECOM INC'S**

**RESPONSE TO**

**INTERNATIONAL BUREAU'S AUGUST 1, 2002**

**INFORMATION REQUEST**

**AUGUST 16, 2002**

Attachment 7  
FCC Request: August 1, 2002  
Long Distance Market Share in the CNMI  
YTD June 2002

	Long Distance (Originating Access Minutes)*
Verizon Micronesia	0.00%
Verizon Pacifica	11.00%
IT&E Overseas	3.83%
TelePacific Network Inc.	1.10%
WorldCom	29.68%
Startec/PCI	0.50%
All Others (1-800)**	53.89%
Total	100.00%

\* Source: June 2002 Summary of billed Carrier Access MOU Report

\*\* These minutes terminated by AT&T and Sprint via correspondence agreements with Verizon Pacifica

**IB DOCKET NO. 02-111**

**ATTACHMENT 8**

**TO PACIFIC TELECOM INC'S**

**RESPONSE TO**

**INTERNATIONAL BUREAU'S AUGUST 1, 2002**

**INFORMATION REQUEST**

**AUGUST 16, 2002**



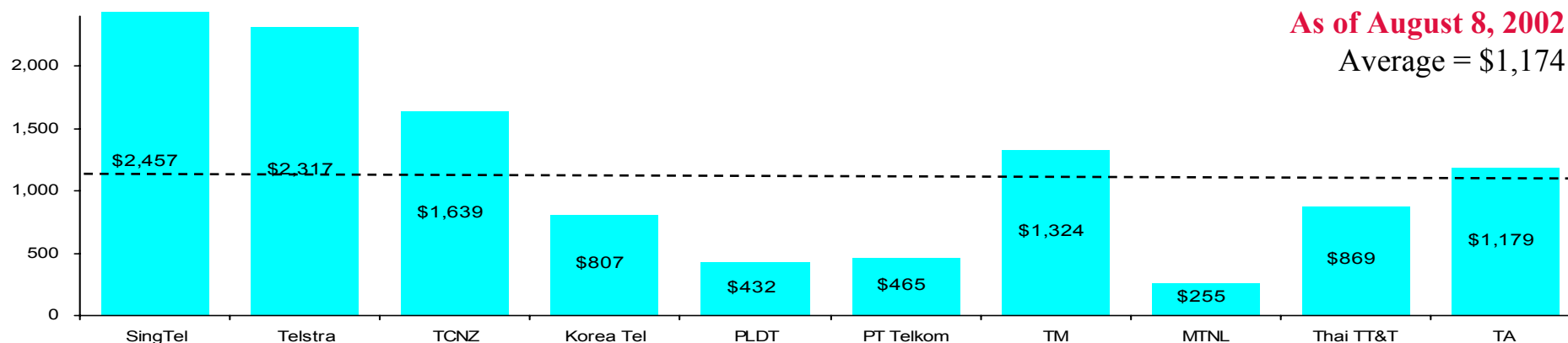
# **Valuation of MTC's Cellular Operations**

## **Minimal future capital expenditures required**

- With PTI's initial purchase price, they are getting a fully built cellular system**
- The Cellular system geographical coverage is over 90%**
- The Cellular system is relatively new**
- The minimal ongoing maintenance expenses will come out of the current cash flows**

# Valuation of MTC's Cellular Operations

## EV/Subscriber-2002 - Publicly Traded Asian Integrated Telecom Companies



**Total MTC Cellular Subscribers (as of July 31, 2002)**

**9,300**

**Asian Integrated Telecom Operators Avg. Multiple (Enterprise Value / Subscriber) \$1,174 \***

**Enterprise Value =**

**\$10,900,000**

**Less Debt**

**0**

**Equity Value =**

**\$10,900,000 \*\***

\* Source: Credit Suisse First Boston - Public Trading Multiples as of August 8, 2002

\*\* Valuation derived using Comparable Company analysis. MTC has 6,000 pre-paid subscribers and 3,300 post-paid subscribers. This pre to post ratio is comparable with the average ratio of the Asian Integrated Operators.

## **CERTIFICATE OF SERVICE**

I, Felicia Lane, a legal secretary at Wilkinson Barker Knauer, LLP certify that on August 16, 2002, the foregoing was served on all parties listed below by hand delivery (indicated by asterisk) and U.S. mail, first class, postage prepaid.

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